



INTERNSHIP REPORT ON
***‘SOURCES OF FINANCING OF FIRST SECURITY ISLAMI
BANK LIMITED’***

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Subject: Submission of Internship Report

Dear Madam,

With due respect, I would like to submit my internship report on '**Sources of Financing of First Security Islami Bank Limited**' assigned by you under your supervision to fulfill the requirement of the internship program of MBA program. It has been a worthwhile experience for me undertaking such a report work to get exposure to the real life of a banking organization. I am grateful for your guidelines and directions. I tried to put my best effort for the preparation of this report.

Hereby, I hope that you would be kind and generous enough to accept my sincere effort and oblige thereby. I apologize if there is any unintentional mistake made in this report in advance. It will be my pleasure to answer any clarification regarding this report.

Sincerely Yours

(Suparna Nath)

Summar-2014

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Executive Summary

A commercial bank is a retail financial institution that helps community members open current, fixed, monthly and savings accounts and manage money market accounts. It also provides customers with deposit, withdrawal and transfer services. Bank customers can also carry out retail banking business through an automatic teller machine (ATM) or online. Beyond the everyday services, commercial banks also offer customers loans for various purposes. And the banks help business owners manage their accounts, including checking, savings and loans. The sources of funds in commercial banks are varied.

The First Security Bank Limited registered under the Companies Act 1994 and Bank Companies Act 1991. This institution came into existence as an Investment Company in the name and style of First Security Bank Limited in September 22, 1999. The aim of the company was to activate resources from within and invest then in such way so as to develop country's industrial and trade sector and playing a catalyst role in the formation of capital market as well. The bank went for public issue on 20 July, 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd.

First Security Islami Bank Ltd's main sources of financing are basically the deposits, Shareholders capital, retained earnings, reserve funds and central bank financing. The bank cannot borrow fund from other bank because of its special type (Islami Bank).

This report is the fulfillment of the requirement for the evaluation process of the internship program. The main purpose of the report is to have an overall idea about sources of bank's financing, analyzing tools and techniques used to evaluate sources of funds of First Security Islami Bank Limited. Basically, Banks need financing to fund operating constraints, invest in short- and long-run projects, acquire or merge with other organizations and develop new products. They also raise funds to meet financial market requirements or regulatory minimum balances.

Chapter 1: Organizational Overview

Of

First Security Islami Bank Limited (FSIBL)

1.1 Background of FSIBL:

In 1980s, the Government of Bangladesh changed its policy regarding banking business, which was until then restricted to the public sector only besides a few number of foreign banks. With the change of policy, the country witnessed initiation of banks in private sector. This shift in policy also covered the way of establishing non banking finance company to build up capital market of the country.

The First Security Bank Limited registered under the Companies Act 1994 and Bank Companies Act 1991. This institution came into existence as an Investment Company in the name and style of First Security Bank Limited in September 22, 1999. The aim of the company was to activate resources from within and invest then in such way so as to develop country's industrial and trade sector and playing a catalyst role in the formation of capital market as well.

First Security Bank Limited was incorporated in Bangladesh as a banking company under the Companies Act 1994. The principal place of business is the registered Head Office: House # 1/A, Block # SW (1), Road # 8, Gulshan-1, Dhaka-1212. It has about 104 branches all over Bangladesh. It carries out all banking activities through its branches in Bangladesh. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly quoted company for its shares.

At present, the Authorized capital of the Bank is Solo TK, 1,000 crore, as enhanced by the shareholder in the extraordinary General meeting held on 31.12.20013 and paid up capital is at present Tk 411.43 crore (Including bonus share of TK. 31.12 crore for the year 2013)

which will be increased to Tk 109.40 crore with the issue of proposed rights share as approved by the Securities and Exchange Commission.

1.2 Vision:

To be the premier financial institution in the country providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver excellence in Banking.

1.3 Mission:

1. To contribute the socio-economical development of the country.
2. To attain highest level of satisfaction through extension of services by dedicated and motivated professional.
3. To maintains continuous growth of market share ensuring quality.
4. To ensure ethics and transparency in all levels.
5. To ensure sustainable growth and establish full value of the honorable shareholders and
6. Above all, to add effective contribution to national economy.

1.4 Special Strategies of FSIBL:

1. To strive their customers best satisfaction & win their confidence.
2. To manage & operate the bank in the most effective manner.
3. To identify customers' needs & monitor their perception towards meeting those requirements.

4. To review & updated policies, procedures & practices to enhance the ability to extend better customer services.
5. To train & develop all employees & provide them adequate resources so that the customers' needs reasonably addressed.
6. To promote organizational efficiency by communicating company plans policies & procedures openly to the employees in a timely fashion.

1.5 Values:

Value pillars of FSIBL that are central to their core ideologies and that much always be reflected in everything they do:

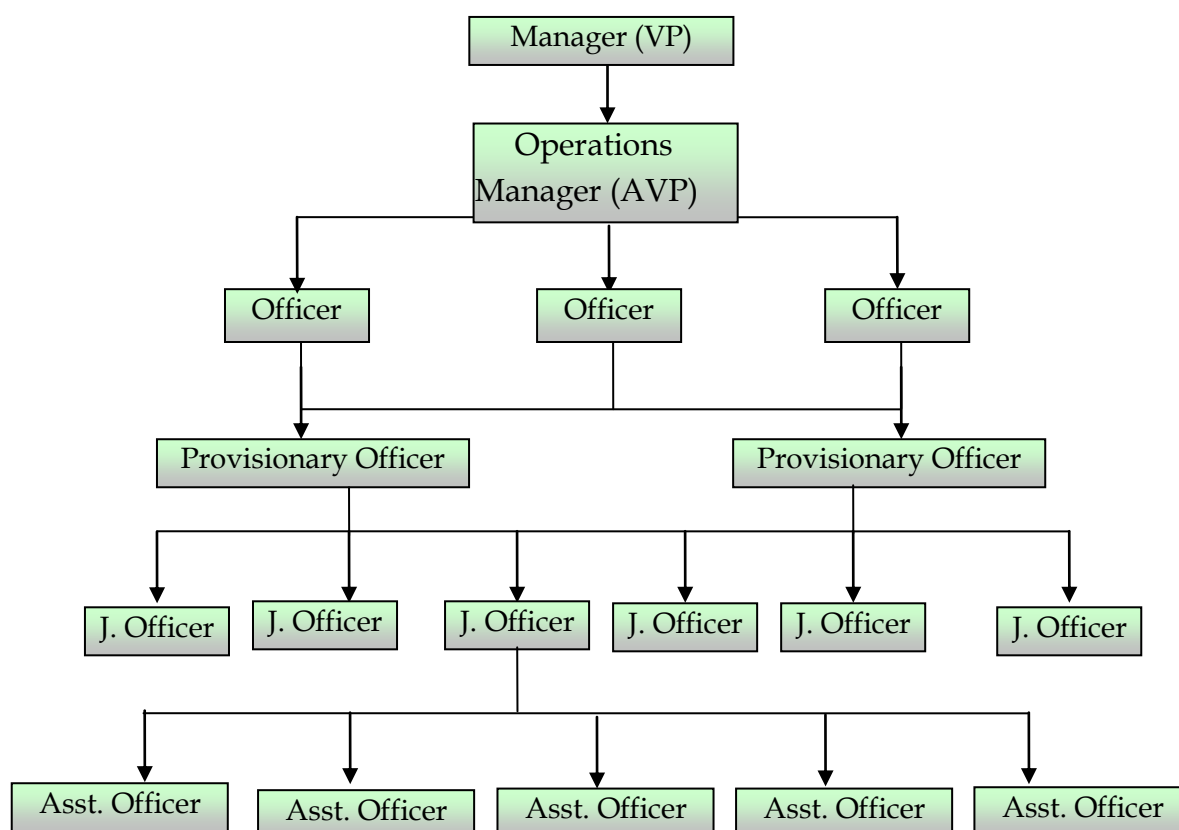
1. They are aggressive in business and self-driven.
2. They create leaders and drive change.
3. They treat people with respect and dignity.
4. They focus on managing risks and cost in order to be doubly profitable.
5. They act in ways that reflect the highest standards of integrity.

1.6 Organ gram of FSIBL:



Source: Annual Report 2012 (FSIBL), Page-16

Organ gram of Mohakhali Branch, FSIBL:



Sariah Board Members of FSIBL:

Sheikh (Moulana) Mohammad Qutubuddin	Chairman
Mufti Sayeed Ahmed	Vice Chairman
Moulana M. Shamaun Ali	Member Secretary
Moulana Abdus Shaheed Naseem	Member
Mr. Mohammad Azharul Islam	Member

1.7 Management & Head of Division in FSIBL:

Senior Management

FSIBL is functioning with a highly professional management team headed by the Managing Director Mr. A. A. M. Zakaria. Among other senior executives currently Two DMD, One Principal (Training Center), Two SEVP, six EVP, Seven SVP, Eleven VP, Nine FVP, fifteen SAVP, sixteen AVP and eighteen FAVP are discharging their services in progression of the banks business.

Managing Director

Mr. A. A. M. Zakaria, Managing Director of the bank is an eminent banking personality having long 33 years of experience in banking industry. After successful completion of his B.A. (Hons), M.A. in Economics from Dhaka University, Mr. A. A. M. Zakaria has started his banking career in 1977 as Senior Officer of Rupali Bank. Before the current responsibility, Mr. A. A. M. Zakaria was the Deputy Managing Director of Dutch-Bangla Bank Limited. In his multi-greeted banking service, Mr. A. A. M. Zakaria participated in many ctheirses, training program and workshops on banking at home and abroad. Mr. A. A. M. Zakaria joined in FSIBL on 7th August 2005 as Managing Director.

Top management of the bank is supported by human resource strength of around 1200 executives and officers. For smooth functioning of the Bank, following committees have been formed:

1. Management committee (MANCOM): comprises of senior members of the management headed by Managing Director of the bank. Head of HRD is the member secretary of the committee and Head of IMRD, Head of IC&C including DMD are the member of the committee. MANCOM meets on regular basis to discuss relevant agenda.

2. Asset Liability Management Committee (ALCO): headed by the Managing Director, is responsible for balance sheet risk management. The committee participate in the monthly ALCO meeting and review the liquidity position, review rate of interest on deposit and lending, and review the ALCO papers on presentation by treasury back office on the position

of profit, deposit, investment, cost analysis, maturity bucket of deposit & investment, balance sheet, profit and loss account and many other issues relating to banks business and assets-liability management. Five relevant divisional heads including DMD are the members and VP & Head of Treasury of the Bank is the member secretary of the committee.

Human Resources Development:

FSIBL has a separate Human Resources Division (HRD) to manage the employee policies and practices. As on FYE 2010, Total 1200 executives & officers of the bank have been working for smooth banking operations. Bank follows a standardized human resources policy. HRD of the Bank follow a transparent and free & fair system to ensure the standard recruitment, training & development of human resources of the bank. The bank has defined HR policies including recruitment, training & development, promotion, leave, transfer and disciplinary action policy. Usually internal recruitment procedures are considered to fill up the mid and top management positions, while entry-level positions are filled with regularly through competitive recruitment exams. They follow transparent, they'll-defined and strict rules for appointment of officers and staff in the Bank's service.

Corporate Governance:

Corporate governance is about how corporation is running its operations to achieve its corporate objectives. Bangladesh Bank (BB) gives emphasis on implementing corporate governance among the financial institutions and to do that, BB emphasizes implementation of the guidelines issued by them for improving corporate governance in banking. Good Corporate Governance practices enhance an entity's corporate image and market credibility, which attract capital and increase its borrowing. These can be reflected in the quality of financial reporting and disclosures; strength of internal control system and internal audit function induction of professionally competent, independent non-executive Directors on corporate Board; formation of Audit Committee; delegation of authority to executives and staff; protection of corporate governance for strengthening organizational strength. With a view to ensure effective participation and deep interest in the affairs of the company and as per Articles of Association of the Company and as per Bangladesh Bank Circular No. 16 dated March 24, 2003 the bank has set up the following 2 committees:

1. Executive committee

2. Audit Committee

Executive Committee: FSIBL has constituted 09 members executive committee of the board as per Bangladesh Bank guidelines to ensure corporate governance in the business of which managing director of the Bank is Ex-officio Member. The executive committee of the board is responsible for developing policy and strategy for smooth operations of business and business development of the bank to ensure maximization of shareholders wealth, protecting other stakeholder's interest in the company Mr. Alhaj Md. Saiful Alam, Chairman of the board of Directors is the Chairman of the present Executive Committee of the bank. He is very dynamic person and leading the executive committee of the bank in a very manner.

Audit Committee: FSIBL has formulated an audit committee can play an effective role in formulating an efficient and secured banking system. The Audit Committee has been formed comprising three members of the Board of Directors. As per corporate governance guidelines the Chairman of the Audit Committee should have sound knowledge and expertise in finance & accounting or auditing.

Bank's Performance:

In the backdrop of the challenging environment of 2013, FSIBL focused on core banking business, made positive growth in profitability and maintained a sound asset quality. The bank remained financially strong by dint of its resolute focus on the vision of becoming country's finest corporate citizen and also emphasizes its focus on SME, Retail Consumer and relentless pursuit of providing excellent and need based customer service.

The Bank mobilized deposits of Tk. 139,520.95 million as at December 31, 2013 compared to Tk. 109,905.57 million till 2012. Total investments and advances stood at Tk. 114,601.80 million at the end of the year 2013, which was Tk. 96,304.23 million at the end of the year 2012. Import business, Export business and Foreign Remittance collection were Tk. 1,217.70

crore, Tk. 650.00 crore and Tk. 712.78 crore respectively during the year 2013. In 2013, the bank was able to make pre-tax profit of Tk. 2043.81 million as compared to Tk. 1,951.95 million in 2012 indicating 4.71% growth. Net profit after tax stood Tk. 769.12 million 2013. Earnings Per Share (EPS) stood at 1.87.

FSIBL made adequate provision against classified investment. Specific provision made is significantly higher than last year. Adequate provision made the bank stronger than before. Return on Asset (ROA) was 0.53% as on December 31, 2013. Capital Adequacy Ratio (CAR) of the bank stood at 10.13% against minimum requirement of 10.00% as per Basel-II capital accord in December 2013.

Investment:

First security bank Ltd has able to increase its investment despite adverse conditions in the domestic as well as in the global economy. Total amount of investment of the bank stood at TK.114,601.80 million as on December 31, 2013 as against TK. 96,304.23 million as on December, 2010 showing an increase of TK.18297.58 million with a growth rate of 19%. Investments are the core assets of a bank. The bank gives emphasis to acquire quality assets and does appropriate lending risk analysis and follows all the terms and conditions of CRM (Credit Risk Management) while approving all sorts of investments to clients.

Foreign Currency Translations: Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS-21. Assets and liabilities in foreign currencies as at 31 December 2013 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

Import Business: Import trade finance by FSIBL rose to TK.1217.70 crore in reporting year 2013. Large LCs they are opened mainly for importing wheat, edible oil, capital machinery, coal, cotton, fabrics and accessories.

Export Business: FSIBL successfully handled export documents of TK.650.00 crore during the reporting year 2013. Readymade garments, knitwear, finished leather goods, agro products etc. were the major export finance sectors.

Foreign Remittance: Bank has procured foreign remittance for Tk. 712.78 crores in December, 2013. Meanwhile, the bank has made enormous progress in dealing remittance business with some leading exchange houses like Western Union, Placid NK Corporation, Moneygram, Express Money, Super X 10 Global Money, United Traders, UK etc. Moreover, bank's two exchange houses located in Canada & Italy have sent substantial amount of foreign remittance.

Correspondent Banking: Correspondent banks are the trade partner of international trade. FSIBL has already achieved tremendous success in foreign trade. The bank has established correspondent relationship with 1400 branches of 200 different renowned banks at financially important locations across the world.

Financial Features (products and services) of the Bank: To suit the needs of clients of different strata in the society so as to top resources for use in the banking channel for accelerating the pace of economic operation, mobilization of fund is one of the functions of Banking Business. With the view of above, FSIBL has been operating number of popular and innovative financial products from time to time considering the benefit of depositors, clients and Bank.

Branch Expansion:

During 2013 Bank has opened 17 new branches at different commercially important location of the country and thus the total number of branches rose to 117. Out of 117 branches, 59 are located at the prime business centre of urban areas and remaining 58 branches are at rural areas of the country.

Automation in Banking Operation:

First Security Islami Bank Ltd. is an industry standard leading commercial bank operating with its 66 branches over the country with Islami Shariah based Real Time Online Service and many Value Added services to all valued customers connected to us. Progressively the bank has been driving out attractive profits, reputation and appreciation of their potential customers and also in the banking industries. In succession of flying higher reputation

through its multi channel services, management equipped the bank with mission critical technology for seamless online services coupled with modern hardware, software and communication technology.

The bank is truly customer aligned and utilizing advantage of technology to made customers requirement and committed to provide modern banking solutions. First Security Islami Bank Ltd. offers the full range of banking services for personal and cooperate customers covering all segments of society within the framework of banking companies act, rules and regulations laid down by their central bank time to time. Diversification of products and services include Corporate Banking, Retail Banking and Consumer Banking right from industry to agriculture, real estate to software is backed by the latest technology.

The following e-products FSIBL offered to its valued customers and for its own internal management:

- ❑ Data center established for core banking software.
- ❑ Disaster recovery site established for business continuity.
- ❑ On-line Banking and Branch Banking
- ❑ FSIB ATM Card
- ❑ SMS Banking
- ❑ Utility Bills Connection
- ❑ Internet based foreign remittance (i.e. - Western Union)
- ❑ Foreign Trade Services through SWIFT
- ❑ Integration with BACH, BEFTN
- ❑ M-Banking

Human Resources & Training:

The bank always laid emphasis on human resources development. The bank believes that the factors which help the bank survive closely interlinked with the quality of service and satisfaction of the requirements of the client and that directly depends on the qualification and efficiency of the employees. As their human resources give the organization a significant competitive edge, they continue their policy of recruiting the best professionals and implement programs to develop and retain high quality employees. In the process of recruiting, inducting and retaining new talents we are continuing our efforts to offer everyone

proper trainings that will help them become true professionals, and ensure the betterment of their careers.

Future outlook of the bank:

Business policy and six years perspective plan of the bank from 2007-2012 has been formulated to attain the financial strength, sustainable growth and highest level of operational efficiency. To protect the interest of the stake holders, the bank has formulated the 6 (six) years plan for consolidation of the growth and profitability of the bank. During the period of implementation bank has set up target to the highest operational excellence and to turn the bank into a dynamic modern Islami bank in the country.

During the period from 2007-2012, the bank has drawn up plan to attain its excellence in all the core areas of operations and business. Accordingly, a long term perspective plan started from 2007 and will continue up to 2015. During the period new and potential avenues of business in all areas of operation to be explored and expanded through the network of existing 66 branches and more new branches and more new branches to be opened gradually during the plan period subject to permission of Bangladesh Bank. The bank ensures optimum utilization of bank's investable fund to be mobilized in future in an organized way to maximize bank's profit consolidating the financial strength of the bank and to achieve the overall objective, mission-vision of the bank as a whole.

The financial position and overall achievement of the bank is being reviewed and evaluated in the light of the annual budget and business plan is drawn on a quarterly basis in every year. Necessary change, adjustment, modification and reallocation are made after periodical review keeping the real scenario. Allot efforts are concentrated for promotion and improvement of quality-investment through selection of borrowers and investing in potential and profitable sectors. Measures have also been taken by way of effective supervision, control, follow-up and monitoring in order to lessen the quantum of over dues, for the downgraded accounts. Necessary steps will also be taken to monitor supervise and regularize the over dues and declassify the classified investments account. Adequate care and caution are being exercised and compliance of 6 core risks as per Bangladesh Bank's policy/guidelines during the planned period. Asset-liability of the bank shall be managed effectively through ALCO to avoid liquidity risk, profit rate risk, operational risk and others risks. To meet the changing

need of our Variety of customers, FSIBL has also planned to expand its exposure in the following areas:

- ✓ Opening of new branches to important location of the country
- ✓ Expansion of business network at home and abroad
- ✓ Credit card facility
- ✓ Internet banking
- ✓ Enhancing in-house training facilities
- ✓ By modernizing the training institute
- ✓ Innovative and introduction of new liability/asset products
- ✓ Full duplex on line banking
- ✓ Mobile banking
- ✓ Own ATM facility

Chapter 2: Job Description

2.1 Nature of the Job:

FSIBL is the one of the rapidly growing commercial bank in Bank in the Bangladesh. I have worked on the FSIBL's Mohakhali branch where nature of the jobs differs from the corporate Head office. In this branch generally general banking activities are performed such as- Cash deposit and withdraw, account opening(Various deposit program-monthly, quarterly, yearly, FDR, Hajj Scheme etc.), Pay order, western union money transfer, inward and outward cash and check clearing and locker service for the customers. Beside that they provide online banking service and credit card transaction facilities.

2.2 Specific Tasks:

I have worked in FSIBL's Mohakhali branch as an intern from 1st June to 31st August 2014. In these three months I have worked in various positions and specific tasks that have been assigned to me are:

- Account opening.
- Data input.
- Check book registering.
- File keeping.
- Cash register.
- Salary Calculation.
- Preparation of Daily position statement of Mohakhali Branch.
- Providing information to the customers.
- Receiving various applications from customers.
- Client Supplementary Ledger and General Ledger related activities.
- Preparing vouchers.
- Printing documents.
- Maintaining inward and outward register.
- Receiving check requisition.
- Inward and outward clearing registering.

2.3 Different aspects of job performance:

Besides performing main duties FSIB also perform other duties which also very important. They perform variety of supportive activities to the Human resource department. Such as-

- Proper documentation of each employee's record and duplication of files.
- Prepare details report on HR department budget.
- Using various communication media such as newspaper, internet (BD Jobs, Prothom Alo Jobs) for advertising in recruitment process.
- Sorting out the CV's of eligible and best qualified candidate.
- Take necessary steps such as written test, oral test, Physical test for recruiting best and qualified candidate.
- Build data base for of the pull of candidate for current and future vacancies.
- Prepare salary sheet of the Bank's employees and analyzed the data.
- Maintain the salary data into data base and send it to finance department for authorization.
- Distribute salary of the casual and other temporary worker.
- Carefully documenting performance appraisal data of each employee.
- Continuously update each employee's database.
- Arrange various training program according to the need of specific task.
- Make the list of candidates who requires training.
- Make budget of training program
- Provide training, mentoring and coaching to the HR staff.
- Make list of employees who are qualified for the promotion.
- Provide training to the line manager to evaluate their subordinate properly.
- Allocate employees to the various branches according to the need.
- Maintain record of employees leave s and absenteeism.
- Arrange interview of employee for promotion.
- Assist to develop job duties and responsibility.

2.4 Critical observations and Recommendations:

From my observation and firsthand experience I have few suggestions to make this more efficient-

- Provide proper training to the employees, so they can meet the challenges.
- Job responsibility and duties need to be more specific.
- Put the right people at right place.
- Realistic target should be set for employees so that it can be achievable.
- Appraisal process should be communicated properly.
- Promoting innovation and leadership in workplace.
- Avoiding any kind of biasness in the work place.
- Customer service needs to improve.
- Needs to stop unnecessary expenses.

Chapter 3: Project Part

3.1 Summary:

FSIBL delivers strong performance across the business and integrates recent acquisitions. FSIBL further consolidates its presence in key markets through significant investment in strengthening distribution, deepening product capability and launching innovative products & service. In the past decade there has been a rapid change in the economy in the country for increasing the number of Islamic commercial bank. At the same time banking area is becoming competitive as well as services are becoming easier and faster.

This report has been prepared as a requirement of my internship program. The report is based upon First Security Islami Bank Limited. FSIBL banking division meets the needs of individual customers with various products and services. The FSIBL Banking division constantly faces challenges and meets them by developing new products and services to fulfill the specific requirements of customers. For a commercial bank, the ultimate goal is always earning profit. It is not only bank's ultimate goal, it is also important for shareholders because they are investing here to make profit. Customers are keeping deposits to earn benefit from their deposits. So, in this report I have tried to find out how FSIBL is financing itself for running its activities and earning profit.

3.2 Description of the Project:

Objectives:

Specific objectives of the report are:

1. To know the banking products for the customers of FSIBL.
2. To highlight how it is financing itself.
3. To review the sources of financing.
4. To identify any problems on the operation of banking products of FSIBL.
5. To make recommendation for FSIBL and conventional banking.

General objectives of the report are:

1. To fulfill the partial requirement of the internship program of MBA program.
2. To know about the banking sector of Bangladesh.

Scope of the Study

This report will be dealing with the overview of First Security Islami Bank Ltd. & mainly deals with **“How FSIBL is financing Itself**. The topic is fixed. But in this report I have tried to cover overview of FSIBL objectives, functions, management, business policy and other things. This report has also mentioned some problems of FSIBL’s Operating systems and its solutions. The empirical part includes only the published information and current practices of the First Security Islami Bank Limited included.

3.3 Methodology:

This is an exploratory Research Methodology. With a view to conducting a research study, what is necessary is to design the framework and select the appropriate research methodology. A research design is simply a framework or a plan for a study that may be used as a guide in collecting and analyzing data. On the other hand, the research methodology is a systematic way to solve the research problem. Methodology means the underlying principles and rules of organization of a philosophical system or inquiry procedure.

There are various methods of conducting the research, such as- Interview Method, Observation Method, Historical Method, Statistical Method, Questionnaire Method and the like. Given the nature of the present study, it is required to collect data/information from the primary and secondary sources. The data presented in this report has been collected from the annual reports of the bank from 2012, 2013, by taking interview of the credit officer, from the training instruments of the bank, from published books and through structured questionnaire.

Sampling Plan:

Population: The population of this research project is defined as follow:

- a. Element: Interview with senior officers, Operations Manager.
- b. Unit: Only those customers who have an account in FSIBL
- c. Extent: FSIBL Customers
- d. Time: 15th July-20th August 2013

Sample Frame: Individual customer those who come to FSIBL and have account or financial relation with the Bank.

Sampling Procedure: For conducting this research the Mohakhali branch of FSIBL was taken into consideration to collect the data. Individual customers those who come to the Bank and have account or financial relation with the Bank were selected by systematic random sampling. For conducting this research project the probabilistic sampling procedure was followed in order to select the sample which is simple random sampling.

Data collection instruments: Data collection instrument is the questionnaire with mostly close-ended as well open-ended questions.

Data Processing & Analysis:

Data has been computerized & processed by using MS Word, MS Excel. For the purpose of analyzing the data I have presented in tabular form, percentage form with necessary chart and graphs.

3.4 Limitations:

I have tried my best to provide with all necessary information about First Security Islami Bank, supplied by the manager and employees best abilities; but due to the exhaustive nature of this study, most secret & strategic ethics could not be brought in this report. This report is subject to the following limitations:

- Due to time shortage, details of many aspects of the Human Resource practice and management of First Security Islami Bank have been skipped in this report.
- One of the main barriers in writing this report was the confidentiality of data. Though I saw their internal procedure that is being used in Human Resource Department, but I was told strictly not to disclose that even in my report.
- Large-scale research was not possible due to constraints and restrictions posed by the organization.
- Deficient comprehension of the respondents was another major problem.
- In many cases, up to date information is not published.
- To protect the organizational loss in regard of maintaining confidentiality, some parts of the report are not in depth.
- Getting relevant papers and documents were strictly prohibited.
- Many procedural matters were conducted directly in the operations by the top management level, which may also gave some sort of restrictions.
- The information regarding the competitors was difficult to get.

Chapter 4: Sources of Financing

Banks need financing to fund operating constraints, invest in short- and long-run projects, acquire or merge with other organizations and develop new products. They also raise funds to meet financial market requirements or regulatory minimum balances. Corporate finance specialists help banks evaluate and identify adequate capital structure models. Entities may receive financing from investors or regulators.

Main sources of financing that are commonly known and used by commercial banks are:

Deposits

Reserve Funds

Shareholders Capital

Retained Earnings

Central Bank Financing

Equity Issuance

Let's have some theoretical knowledge about these sources:

Deposit:

The largest source by far of funds for banks is deposits; money that account holder entrust to the bank for safekeeping and use in future transactions, as well as modest amounts of interest. Generally referred to as 'Core Deposit', these are typically the checking and savings accounts that so many people currently have.

Reserve Funds:

A commercial bank builds a reserve fund with deposits so it can pay interest on accounts and complete withdrawals. Ideally, a bank's reserve fund should be equal to its capital. A bank builds its reserve fund by accumulating surplus profits during healthy financial years so that the funds can be used in leaner times. On average, a bank tries to accumulate a fixed percentage of its net profit to build and maintain its reserve fund.

Shareholders Capital:

Some commercial banks that trade on the stock exchange can use shareholders' capital to receive the money it needs to stay in business. For example, if a company sells shares on the market, it increases both its cash flow and its share capital. This process is also known as equity financing. Banks can only report the amount of capital that was initially on their balance sheet. Appreciation and depreciation of shares do not count toward the total sum of a shareholder's capital. Each time a bank makes a profit it can generally make two choices that include paying dividends to their shareholders or reinvesting the money back into the bank. Most banks utilize both options as they will retain a portion of the profit and pay the remainder to their shareholders. The amount reinvested into the bank typically depends on the company's policy and the condition of the stock market.

Retained Earnings:

Banks use retained earnings--portions of income not distributed as dividends--to fund short- or long-run investment needs. They analyze whether internal costs of funds are lower than external costs. Entities usually don't use all profits retained for financing purposes because they need to keep minimum cash balances to meet operating or regulatory requirements. A lot of commercial banks earn retained earnings or fees to help fund their business. A retained earning can be collected through overdraft fees, loan interest payments, securities and bonds. Banks also charge fees for providing customers with services such as maintaining an account, offering overdraft protection and also monitoring customers' credit scores.

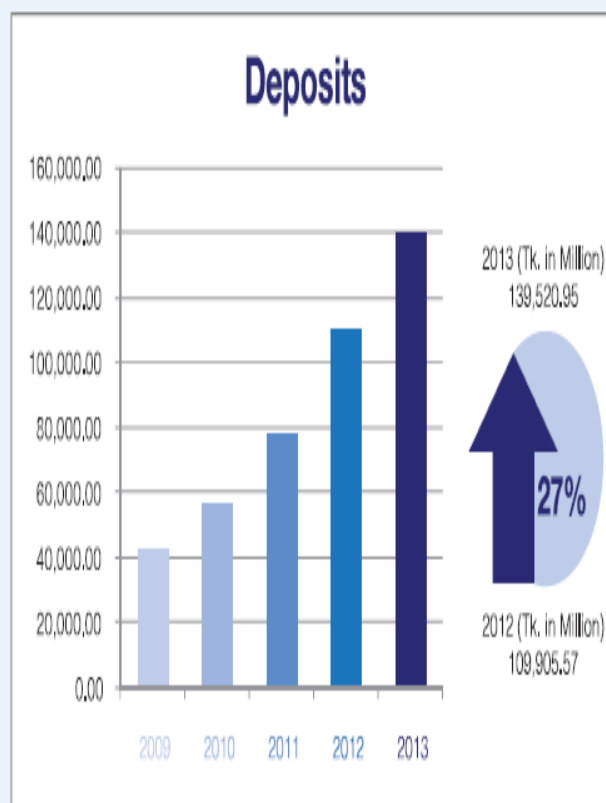
Central Bank Financing: Banks may also raise funds for short-term initiatives from central banks. Commercial Banks can sometimes face fund deficit and that time they can borrow money from central bank with a fixed interest rate which is known as Call rate. In Bangladesh, Present call rate is 5.5%.

Equity Issuance: Banks may raise funds on securities exchanges by selling shares of equity--also called stocks. Buyers of equity or shareholders receive periodic dividends. They also make profits when share prices increase. Banks not listed on securities exchanges may acquire funding through private share sales to investors such as other banks, insurance companies or private equity firms.

Chapter 5: Sources of financing of FSIBL

Deposit: The deposit of the first Islami Bank Limited stood at Tk. 139,520.95 as on December 31, 2013 as against TK. 109,905.57 million of 2012 registering an increase of TK.29598.37 million, i.e., 26.95% growth. Deposit is the life blood of the Bank. Bank has given utmost importance in mobilization of deposit introducing a few popular and innovating schemes.

Deposit		Taka in Million
Year	Total	
2009	42,423.09	
2010	56,344.95	
2011	78,145.04	
2012	109,905.57	
2013	139,520.95	



Source: Annual Report 2013, Page-11

Deposit Products:

- ✓ Al-Wadiah Current Deposit Account
- ✓ Al-Wadiah Current Plus Account
- ✓ Al-Wadiah Premium Account
- ✓ Mudaraba Savings Deposit Account
- ✓ Mudaraba Salary Savings Account
- ✓ Mudaraba School Savings Account
- ✓ Mudaraba Senior Citizen Savings Account
- ✓ Mudaraba Term Deposit Receipt
- ✓ Mudaraba Special Notice Deposit (SND)
- ✓ Mudaraba Monthly Deposit Scheme
- ✓ Mudaraba Monthly Profit Scheme
- ✓ Mudaraba Deposit Double Scheme (Double Scheme)
- ✓ Mudaraba Deposit Triple Scheme (Triple Scheme)
- ✓ Mudaraba Pension Scheme
- ✓ Mudaraba Medical Scheme
- ✓ Mudaraba Marriage Scheme
- ✓ Mudaraba Education Scheme
- ✓ Mudaraba Millionaire Scheme
- ✓ Mudaraba Crorepati Scheme
- ✓ Mudaraba Money plant Scheme
- ✓ Mudaraba House wife Scheme
- ✓ Mudaraba Zakat Fund
- ✓ Mudaraba Woakaff Scheme
- ✓ Mudaraba Gift Cheque
- ✓ Uddipon

Conditions: There are some conditions for all deposit schemes. They are

1. This is an organizational agreement based on shariah between depositor and FSIBL.

2. Here the depositors are “Shahib Al Mal”(who give money) and bank is the “Mudarib” (operator of organization)
3. Bank will invest this deposited money in the way of shariah.
4. Bank will distribute the yearend profit as per weightage (at least 65%) to “Shahib Al Mal”. If loss incurred that will be beard by “Shahib Al Mal” as per deposited ratio.

Besides all other Shariah based condition will be applied which is according to Shariah based.

Of these various types of deposit schemes, most popular and important schemes of FSIBL are:

[Al-Wadiah Current Account](#)

[Mudaraba Savings Account](#)

[Mudaraba Monthly deposit Scheme](#)

[Mudaraba Term Deposit Receipt](#)

Al-Wadiah Current Account:

A current account is a running and active account, which may be operated upon any number of times during a working day. It is purely demand deposit account because the bank is bound to pay the amount to the accountholder on demand at any time within the banking hour. There is no restriction on the number and the amount of withdrawals from a current account. Generally the minimum amount to be deposited initially is tk. 1000/- for opening a current account.

- Individuals, Proprietorship, Partnership and Limited Company, anyone can open these account. But mostly this account is opened by the business entities that have frequent transactions in a week.
- This account needs quite good amount of verifications because of loan facilities.
- Recent photographs of account holder and nominee

- Proper and accurate Documents are needed (e.g.: Trade License, Memorandum and articles of association, Up to date TIN Certificate, Partnership Deed etc.)
- Proper signature is mandatory.
- Nominee is also very important factor in this account.

Mudaraba Monthly Deposit scheme: Mudarabah Monthly Saving Scheme is that kind of scheme of FSIBL, where deposit is monthly paid in form of installments of various sizes for a fixed deposit and the benefit is lump sum returns after various terms of period.

The objectives of this scheme are:

- Building the habit of saving
- Attract small savers
- Saving for rainy days
- Ensure regular income flow

So this scheme is introduced to attract depositors and encourage saving (mainly the smaller earner people).

Mudaraba Saving Account:

A saving account is meant for the people of the lower and middle classes who wish to save a part of their incomes to meet their future need and intend to earn an income from their savings, it encourages savings of non-trading persons, institutions, society and clubs etc. The deposits are mostly small amounts. Frequently withdrawals are not allowed.

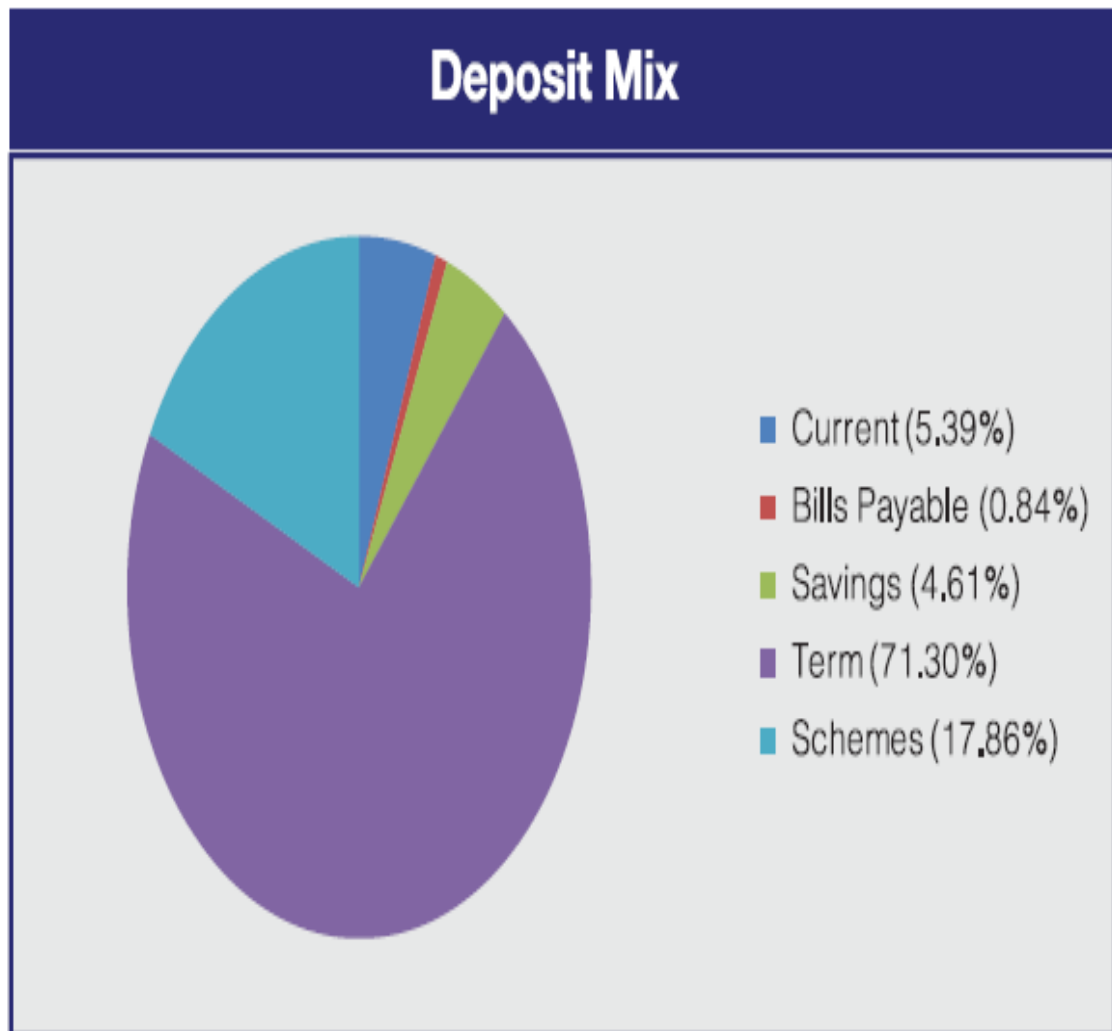
- At least taka 500 has to pay to open such kind of account. But more than taka 500 can be also paid.
- To open such kind of account, account holder must need an introducer in that bank.
- This account can be opened on the behalf of person, institution, club, association etc.

- In this account profit will be given in two times (June and December) at provisional rate.
- In Mudaraba saving account, account holder can deposit amount at any time in the month.
- Account holder can withdraw money two times in a week and four times in a month and $\frac{1}{4}$ of deposit or taka 50,000 whichever is lower can be withdraw without any notice. If the amount is more than that a notice is required before seven days of withdraw.
- ATM card and Cheque has to be paid to account holder. Account holder can withdraw money through ATM Card and Cheque book.
- Account holder can close this account by giving unused cheque book and providing application with proper fee.
- Account holder can also know this balance of account through **SMS** banking.
- In combined account if one depositor die then another survivor depositor can operate this account(if special instruction is given)
- If the depositor changes the address then he or she must inform to the bank.
- Vat will be deducted according to government rules.

Mudaraba Term Deposit: There are both short term and long term deposit schemes are available in FSIBL. Maturity of these term deposits are calculated based on the time. Profit rates are also different because of maturity period. These term deposits are for:

1. One Month
2. Three Months
3. Six Months
4. Twelve Months
5. Twenty Four Months
6. Thirty Six Months

First Security Islami Bank's Deposit Mix:



Source: FSIBL's Annual Report, 2013, page-49

Retained Earnings:

Before analyzing FSIBL's financing from its retained earnings, let's have a quick look on FSIBL's overall financial performance in 2013 and 2014 (Half Yearly):

(Amount in million Tk.)

Sl. No.	Particulars	2009	2010	2011	2012	2013
01.	Authorized Capital	4,600	4,600	4,600	10,000	10,000
02.	Paid-up Capital	2,300	3,036	3,400	3,740.35	4,114.38
03.	Shareholders' Equity	2,865.41	3,920.01	4,548.95	5,664.48	6,433.60
04.	Total Capital (Tier-1+Tier-2)	3,379.03	4,582.21	5,449.44	8,145.33	9,261.24
05.	Statutory Reserve	263.44	460.16	704.20	1,004.57	1,310.40
06.	Total Assets	47,978.55	63,619.79	91,012.89	129,733.17	161,822.98
07.	Total Liabilities	45,113.14	59,699.78	86,463.94	124,068.69	155,389.38
08.	Deposits	42,423.09	56,344.95	78,145.04	109,905.57	139,520.95
09.	Total Investment and Advances	38,725.87	52,123.90	69,467.32	96,304.23	114,601.80
10.	Total Contingent Liabilities	5,971.67	8,859.66	11,363.57	9,248.23	11,865.56
11.	Total Risk Weight Asset	31,113.43	50,423.90	60,010.80	79,817.20	91,434.10
12.	Total Fixed Assets	376.47	573.61	979.35	1,997.72	2,476.43
13.	Operating Income	1,327.63	2,085.20	2,738.25	3,734.68	4,409.60
14.	Operating Expenditure	576.79	881.60	1,148.66	1,792.72	2,383.88
15.	Profit before Provision & Tax	750.83	1,203.60	1,589.58	1,941.96	2,025.72
16.	Profit before Tax	646.83	983.60	1,219.95	1,501.86	1,529.12
17.	Net profit after Provision & Tax	326.83	548.60	579.93	761.86	769.12
18.	Foreign Exchange Business:	20,208.92	35,103.57	40,807.30	36,067.20	2,580.48
	a) Import Business	16,101.17	28,391.20	29,534.90	24,056.20	1,217.70
	b) Export Business	3,549	5,868.90	10,260.60	7,279.40	650.00
	c) Remittance	558.75	843.47	1,011.80	4,731.60	712.78
19.	No. of Foreign Correspondent	240	240	1,400	1,400	1,400
20.	Profit Earning Assets	41,371.52	56,040.95	79,211.72	112,003.37	135,976.09
21.	Non Profit Earning Asset	6,607.02	7,578.84	11,801.17	17,729.80	25,846.88
Sl. No.	Particulars	2009	2010	2011	2012	2013
22.	Investment as a % of Total Deposit	91.28%	92.51%	88.90%	87.62%	82.14%
23.	Capital Adequacy Ratio	10.91%	9.09%	9.07%	10.20%	10.13%
24.	Dividend:					
	a) Cash	Nil	Nil	Nil	Nil	10%
	b) Bonus	10%	12%	10%	10%	Nil
	c) Rights Share	Nil	20%	Nil	Nil	Nil
25.	Cost of Fund	9.28%	8.90%	10.01%	11.00%	11.64%
26.	Net Asset Value Per Share	12.45	12.81	13.38	15.28	15.64
27.	Earnings Per Share (EPS)	1.42	1.61	1.71	1.85	1.87
28.	Price Earnings Ratio (times)	15.39	25.21	15.37	9.99	8.08
29.	Return on Assets (ROA)	1.56%	1.89%	1.75%	0.69%	0.53%
30.	No. of Shareholders	54,400	82,230	90,954	89,994	90,985
31.	Number of Employees	775	929	1,342	2,090	2,367
32.	Number of Branches	52	66	84	100	117

Source: Annual Report 2013, Page-7

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET (Un-audited)
AS AT 30 JUNE 2014



	30.06.2014 BDT	31.12.2013 BDT
<u>PROPERTY AND ASSETS</u>		
Cash	19,203,271,966	11,549,383,178
In hand (Including foreign currencies)	1,203,840,274	1,294,882,672
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	17,999,431,692	10,254,500,506
Balance with other Banks and Financial Institutions	14,530,533,499	14,379,093,084
In Bangladesh	13,878,951,171	14,206,467,884
Outside Bangladesh	651,582,328	172,625,200
Investments in Shares & Securities	8,826,108,831	7,268,269,377
Government	7,720,030,000	6,030,358,600
Others	1,106,078,831	1,237,910,777
Investments	131,650,549,890	114,328,753,035
General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.	131,012,659,678	113,663,053,929
Bills Purchased and Negotiated	637,890,212	665,699,106
Fixed Assets Including Premises, Furniture & Fixtures	2,671,824,821	2,517,375,111
Other Assets	7,674,145,181	11,990,346,998
Total Assets	184,556,434,188	162,033,220,783
<u>LIABILITIES AND CAPITAL</u>		
Liabilities		
Placement from Banks & other Financial Institutions	1,357,856,695	4,129,788,842
Deposits and Other Accounts	162,538,914,858	139,503,926,734
Al-Wadia Current Accounts and Other Deposit Accounts	8,101,227,584	7,502,109,758
Bills Payable	842,698,147	1,176,111,458
Mudaraba Savings Deposits	7,732,193,433	6,433,026,364
Mudaraba Term Deposits including other Banks	113,864,954,876	99,476,837,371
Mudaraba Deposits under Schemes	31,997,840,818	24,915,841,783
Mudaraba Subordinated Bond	2,500,000,000	2,500,000,000
Other Liabilities	11,369,677,030	9,286,426,380
Total Liabilities	177,766,448,583	155,420,141,956
Capital/Shareholders' equity		
Paid-up Capital	4,114,387,200	4,114,387,200
Statutory Reserve	1,438,916,715	1,310,398,870
Other Reserve	114,061,074	114,061,074
Asset Revaluation Reserve	392,381,876	392,381,876
Retained Earnings	474,824,327	506,439,968
Non-controlling Interest	255,414,413	175,409,839
Total Shareholders' Equity	6,789,985,605	6,613,078,827
Total Liabilities and Shareholders' Equity	184,556,434,188	162,033,220,783

Retained Earnings is very important source of financing for every business entity. Commercial Bank like FSIBL, Retained Earnings is very significant. Retained Earnings of 2013 was Tk. 50.64 million, which is a great source of financing of FSIBL. Though, in June 2014 retained earnings has decreased because of paying dividends to the shareholders and other reserves, remaining amount is good for financing the bank.

	30.06.2014	31.12.2014
	Taka	Taka
Retained Earnings	474,824,327	506,439,968

Sometimes commercial banks earn retained earnings or fees to help fund their business. A retained earning can be collected through overdraft fees, loan interest payments, securities and bonds. Banks also charge fees for providing customers with services such as maintaining an account, offering overdraft protection and also monitoring customers' credit scores. FSIBL is also increasing its retained earnings by banks charges. Let's have a look in it:

SCHEDULE OF BANKCHARGES/ COMMISSION IN RESPECT OF ONLINE TRANSECTION

Sl.	Types of Service	Nature of Charges	Rate of Charges/Commission
1	Current Account / STD Account	Maintenance Charges	Tk.500.00 (Half yearly)
		Account Closing Charges	Tk.300.00
2	Savings Account	Maintenance Charges	Tk.300.00 (if average Deposit balance above Tk.25,000/- (Half yearly). Tk.100.00 (if average Deposit balance Tk.25,000/-) Tk. Nil (if Average Deposit balance Tk.5,000/-).
		Account Closing Charges	Tk.200.00
3	Cheque Book Issue	Charges	10 pages Tk.25.00

Shareholders' Capital:

While deposits are the primary source of loanable funds for almost every bank, shareholder equity is an important part of a bank's capital. Several important regulatory ratios are based upon the amount of shareholder capital a bank has and shareholder capital is, in many cases, the only capital that a bank knows will not disappear. Common equity is straight forward.

This is capital that the bank has raised by selling shares to outside investors. While banks, especially larger banks, do often pay dividends on their common shares, there is no requirement for them to do so. Banks often issue preferred shares to raise capital. As this capital is expensive, and generally issued only in times of trouble, or to facilitate an acquisition, banks will often make these shares callable. This gives the bank the right to buy back the shares at a time when the capital position is stronger, and the bank no longer needs such expensive capital. Equity capital is expensive, therefore, banks generally only issue shares when they need to raise funds for an acquisition, or when they need to repair their capital position, typically after a period of elevated bad loans. Apart from the initial capital raised to fund a new bank, banks do not typically issue equity in order to fund loans.

FSIBL went for public issue on 20 July, 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd.

Let's have a look on FSIBL's overall Shareholders capital information:

LIABILITIES AND CAPITAL

Liabilities

Placement from Banks & other Financial Institutions

4,129,788,842

4,598,574,967

Deposits and Other Accounts

139,520,955,783

109,905,568,871

Al-Wadia Current Accounts and Other Deposit Accounts

7,519,138,807

7,119,359,753

Bills Payable

1,176,111,458

1,824,475,966

Mudaraba Savings Bank Deposits

6,433,026,364

5,462,576,972

Mudaraba Term Deposits including other Banks

99,476,837,371

79,263,696,843

Mudaraba Deposits under Schemes

24,915,841,783

16,235,459,337

Mudaraba Subordinated Bond

2,500,000,000

2,220,000,000

Other Liabilities

9,238,632,656

7,344,549,468

Total Liabilities

155,389,377,281

124,068,693,306

Capital/Shareholders' equity

Paid-up Capital

4,114,387,200

3,740,352,000

Statutory Reserve

1,310,398,870

1,004,574,914

Other Reserve

114,061,074

84,000,000

Assets Revaluation Reserve

392,381,876

402,442,950

Retained Earnings

502,370,544

433,109,918

Total Shareholders' Equity

6,433,599,564

5,664,479,782

Total Liabilities and Shareholders' Equity

161,822,976,845

129,733,173,088

Source: Annual Report 2013, Page-102

1. Tier-1 (Core Capital)	Tk. In Crore
--------------------------	--------------

1.1 Fully Paid-up Capital/Capital Deposited with BB	411.44
1.2 Statutory Reserve	131.04
1.3 Non-repayable Share premium account	-
1.4 General Reserve	11.40
1.5 Retained Earnings	50.24
1.6 Non-Cumulative irredeemable Preferences shares	-
1.7 Dividend Equalization Account	-
1.8 Other (if any item approved by Bangladesh Bank)	-
1.9 Sub-Total: (1.1 to 1.8)	604.12

Deductions from Tier-1 (Core Capital)	Tk. In Crore
---------------------------------------	--------------

1.10 Book value of Goodwill and value of any contingent assets which are shown as assets	-
1.11 Shortfall in provisions required against investment in shares irrespective of any relaxation allowed	(8.61)
1.12 Deficit on account of revaluation of investment in AFS Category	-
1.13 Any increase in equity capital resulting from a securitization transaction	-
1.14 Any investment in TFCs of other banks exceeding the prescribed limit	-
1.15 Eligible Capital	-
1.16 Sub Total (1.10-1.16)	(8.61)
1.17 Total Eligible Tier-1 Capital (1.9-1.16)	595.51

2. Tier-2 (Supplementary Capital)	Tk. In Crore
-----------------------------------	--------------

2.1 General Provision (Unclassified loans +SMA+ off Balance Sheet exposure)	132.34
2.2 Assets Revaluation Reserves up to 50%	19.62
2.3 Revaluation Reserves for Securities up to 50%	-
2.4 Revaluation Reserve for equity instruments upto 10%	-
2.5 All other preference shares	-
2.6 Subordinated debt	178.65
2.7 Other (if any item approved by Bangladesh Bank)	-
2.8 Sub-Total (2.1 to 2.7)	330.61
2.9 Deductions if any	-
2.10 Total Eligible Tier-2 Capital (2.6-2.7)	330.61

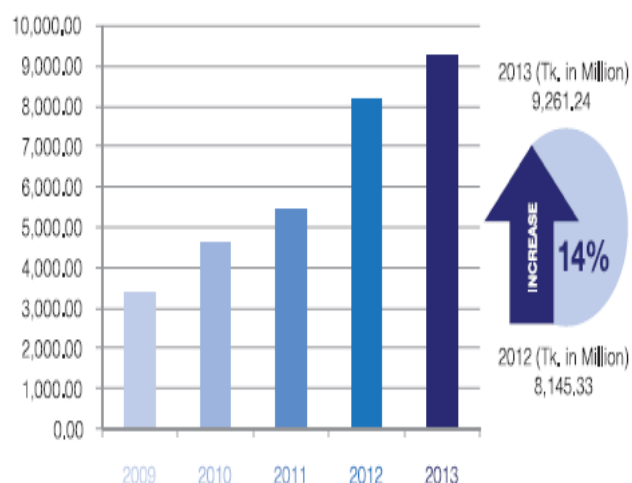
Source: Annual Report 2013, Page-8

Capital

Taka in Million

Year	Total
2009	3,379.03
2010	4,582.21
2011	5,449.44
2012	8,145.33
2013	9,261.24

Total Capital

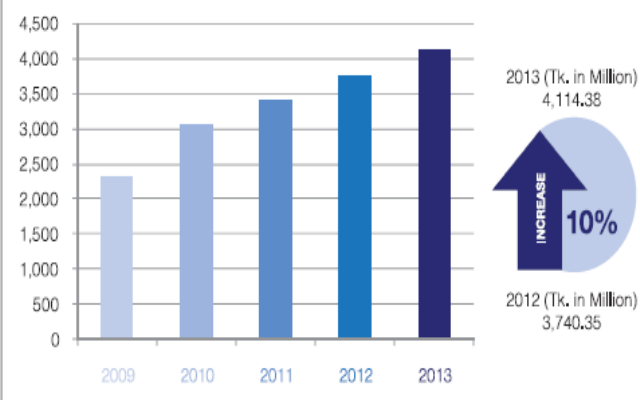


Paid-Up Capital

Taka in Million

Year	Total
2009	2,300
2010	3,036
2011	3,400
2012	3,740.35
2013	4,114.38

Paid-up Capital



Source: Annual Report 2013, Page-10

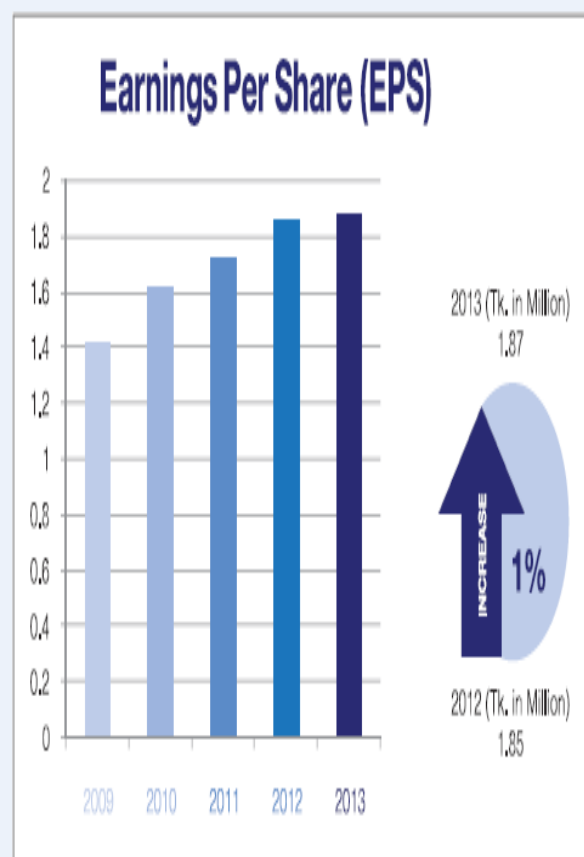
Earnings Per Share (EPS):

Earnings per share (EPS) is the portion of profit of a business entity which is allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a corporation's profitability.

In 2013, the bank was able to make pre-tax profit of Tk. 2043.81 million as compared to Tk. 1,951.95 million in 2012 indicating 4.71% growth. Net profit after tax stood Tk. 769.12 million 2013. Earnings Per Share (EPS) stood at 1.87, which has increased 1% than 2012.

Earnings Per Share (EPS)

Year	Total
2009	1.42
2010	1.61
2011	1.71
2012	1.85
2013	1.87



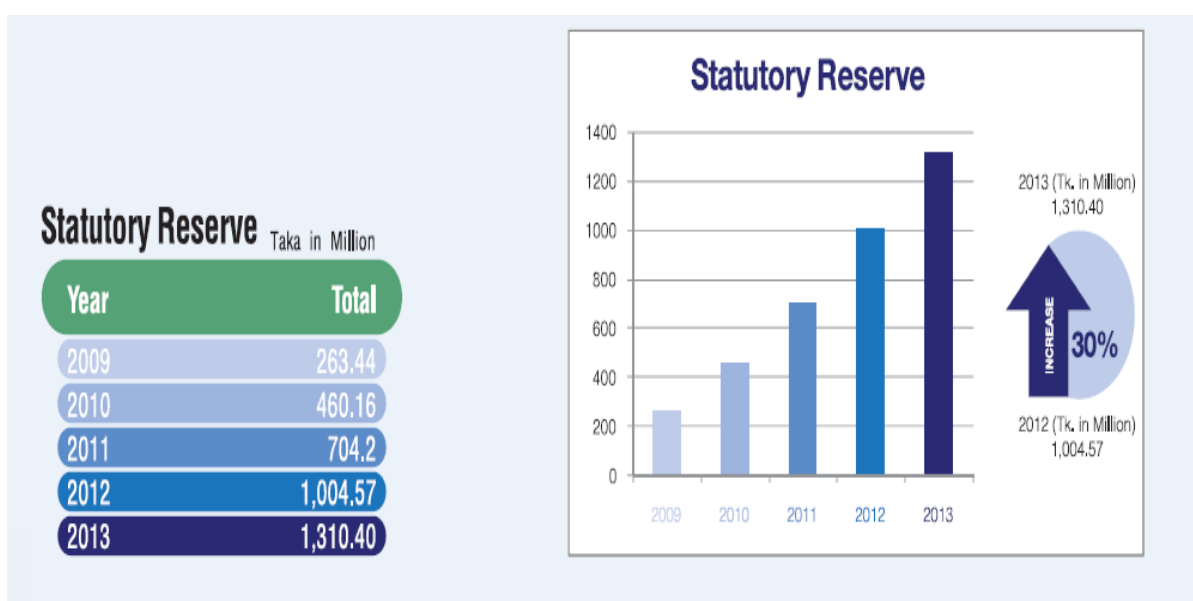
Source: Annual Report 2013, Page-13

Reserve Funds:

Reserves funds are another important source of financing for commercial banks. Commercial banks basically build a reserve fund with deposits for paying interest on accounts and complete withdrawals. A bank builds its reserve fund by accumulating surplus profits during healthy financial years so that the funds can be used in leaner times.

FSIBL is maintaining three types of reserve funds: Statutory Reserve, Asset Revaluation Reserve and other Reserve. The cumulative amount of these reserve funds is Tk. 1,816,841,820 in 2013 and Tk. 1,491,017,864 in 2012.

	31.12.2013	31.12.2012
	Taka	Taka
Statutory Reserve	1,310,398,870	1,004,574,914
Other Reserve	114,061,074	84,000,000
Asset Revaluation Reserve	392,381,876	402,442,950



Source: Annual Report 2013, Page-10

Chapter 6: Problems in management of products

Problems in management of products

- Most of the costumers do not know the regulations of the investment modes.
- Shortage of human resources in Investment Section.
- Some deposit schemes are not favoring to the customers. Because some of their profit rate is comparatively low compared to other banks.
- Senior level executives are not cooperative with the subordinates.
- Regarding security service of the bank, closing system, phone query and deposit facility, credit profit rate, online banking, external and internal environment are not satisfactory to the some customers.
- Most of the customers are service holder and businessman; they like to come to FSIBL because near to residence / office / work place, better service, easier banking procedure. But the branches of FSIBL are very less.
- Often found that some Employees of the bank are not so cooperative with the customers.
- Employees of the bank have not good knowledge to solve the queries of the customers.
- According to the customers opinion more ATM booths needed to be setup in different places.
- Often customers complain against their debit card facilities.
- They have very poor promotional facilities.
- Their IT infrastructure is not so developed and disrupted.
- Employees are not cooperative with each others.
- Office set up and interior decorations are old fashioned.

Chapter 7: Recommendations

Recommendations

- Different types of products and services are available in FSIBL but clients are not concerned about that so advertisement and promotional activities should be increased.
- Increasing more deposit schemes under consumer banking.
- Providing prompt service in account opening.
- Now a day, the online banking service is very much popular in all over the world, so the bank should try to develop in this side.
- FSIBL online service should be fast & accurate.
- The website of FSIBL is not good enough; most of the pages are under construction. The page should be constructed as soon as possible.
- Should increase the ATM Booths.
- More manpower is required to run the business smoothly.
- Employee trainings and workshops should be administered in order to give them knowledge and professionalism in customer interactions. They should be taught about how to deal with the problem of customers and problematic situations.
- Physical and technological facilities should be increased in evaluating credit proposals.
- Experienced and expert personnel should be kept within the bank, which will lead to a quality selection of clients
- FSIBL should more focus on customer needs. They need to concentrate more on their existing services and product innovation.
- A yearly conference with the employees should be arranged where they will exchange their views with the management about different aspects. This will help to increase the efficiency of the employees.
- Prompt service should be given to the customers. In this regard arranging job rotation regularly for employees to improve the skills in different types of service. This will increase the efficiency of the service.

- More emphasis should be given on the customers' complaint.
- Informal training can be a way to improve the skills of the employee. Allocating job responsibility to the employees according to their profit.
- Try to create a good image to customers through different promotional tools

The following are some others recommendation of FSIBL:

i) **Improvement of the Human Resource Development (HRD):**

The HR department of the bank is one of the weakest areas and many of the human resources development and policies are not being followed or implemented. Though there has been performance appraisal for the employees but still it is lying idle and no action has been taken. The management should immediately apply the performance appraisal system and take appropriate actions on the basis of that appraisal.

(ii) **Better recruitment:**

FSIBL must pursue a strong and an effective recruitment system so that the right people are recruited at the job. It must focus on attracting, getting and retaining qualified personnel for filling up the positions. It is worth spending more on attracting qualified human resources rather than getting wrong people in the wrong position.

(iii) **Stop reference appointment:**

FSIBL management and particularly the Board of director must change the system of appointing people by giving their reference. It has been deeply observed that most of the appoint references are not up to the standard and have a poor performance. It may not be absolutely possible to eliminate the reference appointment system as it is a local private company, but still the tendency can be reduced to a certain extent if bold steps are undertaken by the management and the board of directors.

Chapter 8: Conclusion

Doing internship in First security Islami Bank Ltd. is really a great experience for me. From the learning and experience point of view I can say that I've really enjoyed my time in FSBL Ltd. I am confident enough that this program will definitely help me to realize my career in the job market, specially in banking sector.

First Security Islami Bank is currently enjoying a very good position in banking sector, but it is very important for the bank to have up to date information of recent situations and proper planning and policies so that the bank can always have position in the list of market leaders.

An organization's most important asset is Human Resource. FSIBL should give a great focus in collecting appropriate candidates for future success. Right person in Right position is very important for further development in future.

Performance analysis of a bank is not so sufficient to measure and express perfectly within this short time period. But it is a great opportunity for me to get used to with the operational environment of commercial banking of FSBL. I have tried by soul to incorporate the necessary relevant information in my report.

Top management of FSBL should conduct a comprehensive study or survey on the branches' performance, its management's performance and the employees' performance and their motivation as well.

Marketing department should come out with fresh and unique new ideas frequently. Customers want to know about new products and services which are profitable for them. Constant researches and updated information about market is very important for improving new ideas. Because competitors are constantly developing new ideas to compete.

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